



## MEMORANDUM

**TO:** Members of the House Education Committee

**FROM:** Leah Robinson, Director of Legislative Affairs and Leadership Programming

**SUBJECT:** MI Chamber Opposes Legislation to Expand the “Sinking Fund” (SB 63)

**DATE:** March 21, 2023

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This memorandum is to voice the Michigan Chamber of Commerce’s opposition to Senate Bill 63, which includes an expansion of Michigan’s Sinking Fund for the purposes of school transportation. We believe this legislation erodes the promises of Proposal A, further exacerbates school funding inequities and is fiscally unwise.

On March 15, 1994, Michigan voters approved “Proposal A,” amending the Michigan Constitution to reduce school property taxes and limit the taxing authority of local school districts. In addition to reducing the overall reliance on property taxes, Proposal A intended to close the spending gap between school districts across the state. SB 63 expands the original intent of the sinking fund and is fiscally unwise because it would allow *short-lived* assets like school buses to be paid for by debts repaid over 10 or 20 years.

Beyond being an expansion of what sinking fund revenue can be used for, there are also serious concerns regarding school funding inequities with SB 63. Funding for all public schools is based on students, and valuing them equitably, no matter where they live or what public school they attend. Sinking fund tax revenue only creates additional disparities among all our schools. The more uses for sinking funds, the more likely districts will impose sinking fund millages on taxpayers. Furthermore, expanding sinking fund backtracks to ask taxpayers to raise millage rates and increase property tax rates on residents and businesses (who get no say in the vote for the millage increase).

While we are opposed to SB 63, there are creative solutions that could be explored, such as federal American Rescue Plan (ARP) funds. Using ARP dollars would address the needs of Michigan schools and students that would not require an increased tax rate. Strong Michigan schools mean a strong Michigan workforce – we understand and appreciate the sentiment of doing better.

We thank you for your time and consideration of the feedback we have shared on behalf of our members, and I am happy to answer any questions you may have. Please do not hesitate to reach out with questions at [LRobinson@michamber.com](mailto:LRobinson@michamber.com).